

**Department of Regulatory Services
Housing Inspection Services Division
Standard Operating Procedure
January 2013**

BACKGROUND INFORMATION

In Minneapolis, owners of rental properties are required to have rental licenses for each of their properties. This allows the City to conduct inspections and take action to hold property owners accountable for providing safe, quality housing to their tenants.

When a rental property owner is in an adverse license action with the City for violation of a rental licensing standard/s, requirements called Rental License Operating Conditions may be placed on the rental license. Property owners must adhere to these conditions in order for their rental license to remain in good standing. When owners do not adhere to the conditions, the City can take enforcement action, which may include revoking the rental license.

GOVERNING ORDINANCE

Title 12 Section 244.1910 & 244.2020 of the Minneapolis Code of Ordinances provides that in order to hold a rental license, provisional license, or permit under Title 12, the licensee must abide by the standards enumerated in these sections of City ordinance:

244.1930
244.1940
259.165

When a rental property fails to meet rental license standards, the City Council is authorized to take adverse license action, including but not limited to, revocation of a rental license. The City council may revoke a license or it may impose conditions on that license that the property owner must follow.

IMPOSING CONDITIONS ON RENTAL LICENSES

When the City imposes conditions on a rental license, the type and length of those conditions will be dependent upon a number of things, including the severity of the rental standards violations, the impact of those violations to the community, the number of properties impacted, and whether there is a history of chronic offenses by the holder of the rental license.

When imposing conditions on a license, or on multiple licenses held by the same owner, for a just cause license standard violation Housing Inspections Services and the City Attorney will consider these factors:

1. The history of violations at their rental properties, including:
 - The duration of the violations;
 - The frequency or recurrence of the violations;
 - The seriousness of the violations;
 - The impact of the violations on tenants and neighboring properties;

2. Whether the license holder operates substandard rental properties (whether there are notices of intent to condemn on multiple properties)
3. Whether there is a high level of police calls to the rental properties, not including domestic violence calls. In order to be used to impose conditions, the calls must be associated with the property's tenants or guests of the tenants.

AGREEING UPON CONDITIONS WITH LICENSE HOLDERS:

In some cases where a property is found to be out of compliance with a rental licensing standard, the City may negotiate a set of agreed-upon license conditions with the property owner. Whether this option is used will depend on the seriousness of the licensing standard violations, and whether the license holder is making a good-faith effort to bring their rental properties into compliance. The process for putting these conditions in place is:

1. Housing Inspection Services sends a Directors Determination of Non-Compliance letter to the license holder, giving them ten days to bring their property into compliance with rental licensing standards.
2. If an owner does not comply within ten days, the City will begin action to revoke the rental license, and the license holder has 15 days to appeal the action.
3. If the owner calls back during the ten day period, or if they appeal the revocation action, Housing Inspection Services and the City Attorney will determine whether it is appropriate to work with the license holder to develop an agreed-upon settlement that places conditions on the rental license, or on all rental licenses held by the same property owner.

EXAMPLES OF CONDITIONS THAT CAN BE PLACED ON RENTAL LICENSES

Whether conditions are imposed by the City without the license holder's consent, or whether the conditions are part of an agreed-upon settlement, examples of those conditions may include:

Improving management:

- A licensee must submit a management plan with a maintenance plan for their rental properties.
- The licensee will hire a professional management company approved by the City with a capital budget to do on-going repairs and building upgrades.
- Mandatory training for the licensee and agent, selected by the City.
- Specific lease addendums may be required based on the type of license standard violation.
- Management must have 24 hour 7 days a week accessibility to tenants, through a phone number and official email address.

Improving security and safety:

- "NO TRESPASSING" signs will be posted. The rental property owner and appointed agent shall ask people that are not tenants or guest of tenants

to leave. If they refuse, the rental property owner or agent shall call 911 for assistance.

- The rental will keep all lights in the common areas of the property properly functioning and will add lights if recommended by the MPD.
- A Crime Free Addendum will be included in the leases for the tenants living in their rentals and for prospective tenants.
- The licensee must join virtual block club for rental property owners managed by Minneapolis police.

Taking administrative actions:

- The licensee will provide the City with a list of all rental properties in which the licensee has an interest. The licensee will provide a list of principals and partners for all LLC's associated with their rental properties in Minneapolis.
- An escrow account must be established with the City to pay for escalating fines for non-compliance of hazardous violations.
- Compliance timelines must be set up for violations on their rental properties.
- The license holder's properties must be divested (sold off) over a period of time.
- Unpaid fines will be paid over a period of time approved by the department.
- No new licenses can be added to the licensee's or LLC partners' portfolio for a period of three years.

Committing to avoid future violations:

- The property can have no same or similar housing code violations or high police calls on their rental/s in the future.
- There will be no nuisance type violations on the premises such as tall grass, rubbish, etc.
- Illegal occupancy at their rental may result in a condition that requires there be no other illegal occupancy violations on any of their rentals. Unpermitted work violations on one of the rentals will result in a condition that requires there be no other unpermitted work violation on any of their rentals.

VIOLATION OF LICENSE CONDITIONS

If rental license conditions are in place for a property, and if the condition/s is violated, the City may start an enforcement action to revoke a license. The licensee is given an opportunity to appeal and present evidence with an administrative hearing officer.